LG&E Energy Corp.
220 West Main Street (40202)
P.O. Box 32030
Louisville, Kentucky 40232

January 5, 2004

Mr. Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Re: Kentucky Utilities Company *(Case No. 2003-00059)*

Dear Mr. Dorman:

Pursuant to Ordering Paragraph No. 7 of the Commission's Order in the aforementioned proceeding, Kentucky Utilities Company ("KU") hereby files an original and three (3) copies of information related to an issuance under said Order.

On December 18, 2003 KU borrowed $75 million from Fidelia Corporation in accordance with the order issued September 22, 2003 in the above-referenced case. The details of the loan are shown below:

Borrower:	Kentucky Utilities Company
Lender:	Fidelia Corporation
Amount:	$75 million
Maturity Date:	December 19, 2005
Interest Rate:	2.29%
Price Paid:	100%
Proceeds:	$75 million
Commissions Paid:	None
Legal Costs:	None thus far – there are recording fees to be paid
Security for Loan:	Second lien on Equipment
Interest Payments:	June 18 and December 18 commencing June 18, 2004

The interest rate was set using the average rate quoted to E.ON AG at .51% above the yield on the two-year treasury bond (1.78%). The supporting price indications from three investment banks is attached along with a copy of a page from Bloomberg showing the yield on the treasury bond on December 17. The note was priced in advance of funding as is typical in capital market transactions. The average rate quoted to E.ON AG by the investment banks was slightly lower than the lowest bid quoted to KU (.52% above the treasury bond yield). Once again, the supporting price indications are attached. The bids are summarized in the table below:

	KU Pricing	E.ON AG Pricing
Low bid above two-year treasury	.52%	
Two-year treasury rate	1.78%	
All-in cost	2.30%	
Average bid above two-year swap rate		.51%
Two-year treasury rate		1.78%
All-in cost		2.29%

The proceeds of the loan were used to repay short-term loans incurred to fund the NOx compliance capital expenditure program.

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy and returning it in the envelope provided.

Should you have any questions regarding this transaction or this information, please contact me at 502-627-4110 or contact Don Harris at 502-627-2021.

Sincerely,

John Wolfram

John Wolfram

cc: Dan Arbough
Kendrick Riggs – Ogden, Newell, and Welch

<HELP> for explanation. P065 **Govt** **C13**

10:37 **YIELD CURVE** (BLOOMBERG GENERIC-ASK) PAGE 2 OF 2

	CURR SECURITIES		PREVIOUS CLOSE	NOW	YLD CHN	PRI CHN
3 Mo -		3/18/04	.88 (.90)	.87 (.89)	-0.01	- 1
6 Mo -		6/17/04	.97 (.99)	.96 (.98)	-0.01	- 1
2 Yr -	$1\frac{7}{8}$	11/30/05	100-05 (1.79)	100-06 (1.78)	-0.02	+ 0-01
3 Yr -	$2\frac{5}{8}$	11/15/06	100-28 (2.31)	100-30 (2.29)	-0.02	+ 0-02
5 Yr -	$3\frac{3}{8}$	12/15/08	100-27+ (3.19)	101-00 (3.16)	-0.03	+ 0-04+
10Yr -	$4\frac{1}{4}$	11/15/13	100-09+ (4.21)	100-19 (4.18)	-0.04	+ 0-09+
30Yr -	$5\frac{3}{8}$	2/15/31	104-17+ (5.06)	105-05+ (5.02)	-0.04	+ 0-20

INFLATION INDEXED TREASURY

5Yr -	$3\frac{5}{8}$	1/15/08	110-26+ (.91)	110-28 (.90)		+ 0-01+
10Yr -	$1\frac{7}{8}$	7/15/13	99-14+ (1.94)	99-19+ (1.92)		+ 0-05
30Yr -	$3\frac{3}{8}$	4/15/32	123-17 (2.25)	124-06+ (2.22)		+ 0-21+

Indicative Secured New Issue Pricing – Kentucky Utilities (A1/A)

Maturity	2 Years
Fixed Rate Issuance	
Benchmark	1.875% 11/05
Benchmark Yield	1.830%
Reoffer Spread	**+40 area**
Reoffer Yield	2.23% area
Coupon	2.125%
Fees	0.250%
All-in Yield	**2.36% area**
Swapped to Libor Levels	
Swap Spread	+32
Reoffer versus LIBOR	$L+8 area
All-in versus LIBOR	**$L+21 area**

Benchmark and reoffer spreads as of 12/15/2003.

BARCLAYS

Indicative pricing indications for Kentucky Utilities

	First Mortgage Bonds A1/A (stable/stable)	
	2-Year Fixed	2-Year Floating
Reference Treasury	1.875% due 11/05	3m$ Libor
Treasury Yield	1.79%	-
Re-offer Spread (bps)	40-45	5-7
Re-offer Yield	2.19-2.24%	-
Gross Spread (bps)	25	25
Gross Spread Amortized (bps)	13	13
All-in Yield (%)	2.32-2.37%	-
Swap Rate	2.13%	-
Re-offer Spread over 3m$ Libor (bps)	6-11	5-7
All-in Spread over 3m$ Libor (bps)	19-24	18-20

All rates as of December 16, 2003

Arbough, Dan

From: Johnson, Nadia (GCM) [Nadia.Johnson@morganstanley.com]

Sent: Tuesday, December 16, 2003 4:28 PM

To: Arbough, Dan

Cc: Hart, Bradford (GCM)

Subject: RE: Response from Morgan Stanley regarding Levels for KU 2 Yr

Dan,

If we add the underwriting commissions of 13 bps (amortized over the life of the bond) the new issue would be spread 58-63 bps to the 2-Yr UST, currently at 1.79%, to give an all-in yield of 2.37% - 2.42%.

Regards,
Nadia

Nadia Johnson
Morgan Stanley | Global Capital Markets
1585 Broadway | Floor 06
New York, NY 10036
Phone: +1 212 761-5394
Fax: +1 212 761-0538
Nadia.Johnson@morganstanley.com

-----Original Message-----
From: Arbough, Daniel [LG&E ENERGY CORP (Louisville)]
Sent: Tuesday, December 16, 2003 3:37 PM
To: Johnson, Nadia (GCM)
Cc: Hart, Bradford (GCM)
Subject: RE: Response from Morgan Stanley regarding Levels for KU 2 Yr FMB

Nadia,

Thanks for your help.

Does the quoted spread include underwriting commissions? If not, please include those in your number and send me another message.

Thanks.

Dan Arbough
502-627-4956

-----Original Message-----
From: Johnson, Nadia (GCM) [mailto:Nadia.Johnson@morganstanley.com]
Sent: Tuesday, December 16, 2003 1:31 PM
To: Arbough, Dan
Cc: Hart, Bradford (GCM)
Subject: RE: Response from Morgan Stanley regarding Levels for KU 2 Yr FMB

Dan,

One correction ... that should be Alabama Power not AEP.

Arbough, Dan

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Wednesday, December 17, 2003 11:28 AM
To: Arbough, Dan
Subject: WG: Spread indication for a USD75m 2y financing

pic24021.jpg

-----Ursprüngliche Nachricht-----
Von: Christian.Kolb@trinkaus.de [mailto:Christian.Kolb@trinkaus.de]
Gesendet: Mittwoch, 17. Dezember 2003 17:07
An: Heintzen, Lioba
Betreff: Spread indication for a USD75m 2y financing

Lioba,

I refer to you request dated December 16th re a spread indication for a USD 75m 2y financing.

HSBC´s indicative pricing for such a transaction is Treasuries + 45bps (reoffer) which would result in an all-in cost of Treasuries + 50bps for E.ON. On a Libor-Basis this would mean Libor +10 (reoffer) or Libor + 14bps all-in.

Hope this meets your requirements.

If you have any further questions please do not hesitate to contact us.

Kind regards

Christian Kolb
Head of Debt Origination
HSBC Trinkaus & Burkhardt KGaA
Königsallee 21-23
40212 Düsseldorf
Phone: +49 211 910 619
Mobile: +49 172 211 4742
FAX: +49 211 910 3042
mailto christian.kolb@trinkaus.de

(Embedded image moved to file: pic24021.jpg)

Arbough, Dan

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Wednesday, December 17, 2003 2:54 AM
To: Arbough, Dan
Subject: Pricing Fidelia Loan to KU

Importance: High

Hypothetical pricing for 2yr U...

Hi Dan,

please find attached the quotes we received from the banks.

regards

Lioba

-----Ursprüngliche Nachricht-----
Von: roland.plan@uk.abnamro.com [mailto:roland.plan@uk.abnamro.com]
Gesendet: Dienstag, 16. Dezember 2003 13:49
An: Heintzen, Lioba
Betreff: Re: US$ Levels
Wichtigkeit: Hoch

Dear Ms Heintzen,

Further to your request, please find below indicative pricing for E.ON for a 2 year transaction with a size of USD 75 million:

1) re-offer spread vs. mid-swaps = + 12 bp (all in: mid-swaps+ 15 bp)

2) re-offer spread vs the 2 year treasury note = + 45 bp (all in T + 48bp)

Please do not hesitate to contact me if you have any queries

Kind regards,
Roland Plan
Head of German Corporate Origination
ABN AMRO
250 Bishopsgate
London EC2M 4AA
UK

Phone: +44 (0) 207 678 1094
Fax: +44 (0) 207 678 3597

Hypothetical pricing for a 2-year US$ (SEC registered) MTN (16 Dec 2003)

Issuer:	**E.ON AG**
Rating:	**A1 stable outlook/ AA- negative outlook**
Amount:	US$75 million
Maturity:	2 years
Benchmark:	2-year UST (1.875% due Nov '05)
Benchmark yield (% s.a.):	1.81
Re-offer spread vs. benchmark (bp):	+45
2-year US$ mid swap rate (% s.a.):	2.12
Re-offer spread vs. US$ mid swap rate (bp):	+14
Re-offer yield of E.ON MTN (% s.a.):	2.26
Coupon (% s.a.):	2.26
Price (%):	100.00

BARCLAYS